



State of Washington

AFFORDABLE HOUSING ADVISORY BOARD

1011 Plum Street SE - PO Box 42525 - Olympia, Washington 98504-2525 - (360) 725-4000

Faith Pettis
Board Chair

Vacant
Residential Construction Industry

Michael Richart
Residential Construction Industry

Bryan Friend
Mortgage Lending Industry

Vacant
Mortgage Lending Industry

Wanda Coats
Real Estate Sales Profession

Connie Devaney
Apartment Management & Operation Industry

Paul Purcell
For-Profit Housing Development

Kevin Grossman
For-Profit Rental Housing

Tony To
Non-Profit Housing Development

Chris Lowell
Homeless Shelter Operations

Shaw Seaman
Special Needs Populations

Joe Ingram
Low Income Housing

Mike Adolfae
At-Large/General Public

Chris Pegg
Public Housing Authorities

Obie O'Brien
Counties, Eastern WA

Hon. David Gossett
Counties, Western WA

Vacant
Cities, Eastern WA

Lauren Walker
Cities, Western WA

Jody Becker-Green
Ex-Officio, Dept. of Social & Health Services

Kim Herman
Ex-Officio, Housing Finance Commission

Dan McConnon
Ex-Officio, Dept. of Commerce

BOARD MEETING SUMMARY

Tuesday, September 25, 2012 10:30am to 1:30pm

Criminal Justice Training Commission – Burien, WA

ATTENDANCE

Faith Pettis, Dan McConnon, Kim Herman, Jody Becker-Green, Chris Lowell, Chris Pegg, Dave Gossett, Kevin Grossman, Mike Adolfae, Bryan Friend, Tony To, Joe Ingram, Shaw Seaman, Paul Purcell and Lauren Walker.

STAFF

Tedd Kelleher, Janet Masella, Cary Retlin and Cherish Rahikainen.

GUESTS

Alison Mendiola, Staff Coordinator and Counsel to the Senate Financial Institutions, Housing and Insurance Committee
Jennifer Thornton, Research Analyst to the House Community & Economic Development & Housing Committee
Orlando Cano, Community Liaison/Senior Policy Analyst to the Housing Democratic Caucus
Toni Johnson Conroy, Department of Social and Health Services
Maureen Fife, Habitat for Humanity
Sally Zeiger Hanson, Washington State University

INTRODUCTIONS AND CONFIRMATION OF AGENDA

Faith Pettis

Faith summarized the agenda.

APPROVAL OF MINUTES

The June 2012 meeting summary was approved.

REPORT FROM THE CHAIR

Faith introduced our newest Board member, Chris Pegg. As the Executive Director of the Longview and Joint Pacific County Housing Authorities, Chris is a great addition as our Housing Authorities Representative. Chris has also joined as a member of the Policy Advisory Team.

Jody Becker-Green, Senior Director of Planning, Performance and Accountability, has been appointed as our new Department of Social and Health Services ex-officio.

Faith has been doing outreach over the past few months. She met with Bob Drewel, Executive Director of the Puget Sound Regional Council to introduce herself as the Affordable Housing Advisory Board Chair. Mr. Drewel is supportive



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of our needs study and has volunteered staff to help with this effort.

Faith met with Michele Thomas, Director of Policy and Advocacy at the Washington Low Income Housing Alliance to discuss their legislative agenda and other issues of interest to them.

She also attended the Mercy Housing Breakfast as well as the Housing Development Consortium of Everett and Snohomish County Breakfast and has had conversations with Mark Smith, Executive Director about the work they are doing.

Faith and Commerce staff have been working to create a Needs Study Subcommittee, as well as filling Board vacancies.

We currently have three vacancies:

- Residential Construction Representative – Applications received and recommendations have been put forward to the Governor's Office.
- Association of Washington Cities (Eastern) Representative – We have moved Mike Adolfae into the Board's At Large/General Public position due to his retirement from the City of Spokane. Our recommendation has been put forward to the Governor Office, awaiting AWC's support.
- Home Mortgage Lending Representative – We have learned that Lynnette Hoffman has retired from Verity Credit Union. A thank you and congratulations letter has been sent, and we are actively seeking candidates to fill this position. Please send any recommendations to Cherish.

PRESENTATIONS

Housing in Washington in the 2013 Legislative Session (Speaker Chopp)

Representative Frank Chopp, Speaker of the House, joined our meeting to discuss housing in the upcoming legislative session.

The Speaker understands the importance of investing more money into the Housing Trust Fund (HTF), but needs AHAB's help determining Washington's next priority. The general public wants to know specifically where their tax dollars are going. We need to indicate the latest need for the program (for example, targeted set-asides for farmworker housing, developmental disabilities, or veterans).

A key issue in the HTF is cost effectiveness. The legislature is requesting input on ways to reduce the cost of these units while still keeping them high-quality, well-built and well-maintained. He looks forward to hearing our ideas in the cost effectiveness report due in December.

Speaker Chopp asked AHAB members to share their local concerns, ideas, and perspectives from all over the state. Legislators are committed to "One Washington" – supporting eastern, western, rural, and urban areas with HTF dollars.

The Speaker also gave his thanks and kudos to the Department of Commerce for their great work with the application review process.



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The Home Security Fund is supported by document recording fees. Fees have been increased and the sunset date has been extended four years to help provide for these important services. There is a need for wrap around social services to help these families succeed; for example, drug and alcohol treatment.

The House is always looking for new resources to invest in workforce housing projects that are linked to transit corridors. An example of this is 37.5% of King County's hotel/motel tax, with the other portion going toward tourism and the arts.

The Capital budget is based on a percentage of the revenue coming in. The Legislature worked hard to pass the Jobs Now Act last year, investing \$90M into housing and energy conservation projects.

The number one priority this session is funding education. However, in order to succeed in school, children must be healthy and ready to learn. They will look at budget shortfalls and ways to assess the state's needs.

We expect that if/when changes in the federal medical reform take place, legislative action will be necessary for the Housing and Essential Needs Program to determine eligibility.

Paul Purcell mentioned that a major issue around the cost of affordable housing is Labor and Industries' interpretation that if there is commercial space in the residential building, prevailing wage applies to all labor wages, adding 12.5-20% to that cost. Dan and Faith will partner with Labor and Industries on this issue. The Speaker offered to help with this, either administratively or with a law change.

The state is also looking at purchasing existing property for low-income housing, rather than building new.

Looking opportunistically, there are many public resources invested into transit stations, so legislators are pushing for air rights above some of those parking garages for workforce housing.

The Speaker took questions from the AHAB Board.

PAT and HB 2640 Subcommittee (Janet Masella, Paul Purcell and Sally Zeiger Hanson)

HB 2640 was passed last year to formally incorporate a cost policy into the HTF award process. The HTF is working with Washington State University (WSU) and a number of stakeholders through a [Cost-Effectiveness Subcommittee](#).

Sally Zeiger Hanson of WSU gave an overview of their work on this study and results so far.

- In working with the subcommittee, WSU chose seven states to research and interview: Illinois, Vermont, Delaware, Colorado, Ohio, North Carolina and Minnesota). Framework interview questions were developed by WSU and Commerce.



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- There were three common themes between these states:
 - Funding flexibility at the local level;
 - Staff with construction expertise on their HTF team such as construction management, architects, and/or permit specialists resulting in anecdotal savings; and
 - Site visits before funding a project, resulting in cost savings.
- Delaware and Colorado are also conducting various cost studies/pilot projects which should be available later this year.

A [draft report](#) was submitted to AHAB for review and preliminary approval before going to the Governor's Office and the Legislature. The cost study report is a first step. There may be additional opportunities for cost savings in the future; however, these are methodologies Commerce feels they can implement quickly.

Recommendations for improvement by AHAB members:

- Needs to be easy for legislators and for the public to read.
- Comparison between projects should be between private and publicly-funded projects, not just between publicly-funded, HTF projects.
- Conduct an independent real-time cost study on one median project per HTF application round to ensure the costs are coming in where they should be.
- Add a section comparing the differences between public and private sector development that outlines the additional costs associated with public funding. Summarize the different cost factors between the two (supporting family wage jobs, environmental standards, special needs/supported living and development costs).

Dan McConnon and Faith Pettis will present the final report together on behalf of AHAB and the Department at the November 28 joint work session with the House Capital Budget Committee and House Community & Economic Development & Housing Committee. Board members are invited to join.

2013 LEGISLATIVE AGENDA

Cary Retlin circulated an email soliciting 2012 legislative agendas from Board members' organizations. The purpose of this consolidated list is to identify 4-5 commonalities that could potentially become AHAB's legislative agenda in the upcoming session.

The Board reached a consensus to support Dan and Faith in their effort to address the state-wide issue of prevailing wage requirements in public housing development.

The builders association and realtor's agendas are still in draft stage. A draft legislative agenda will be sent out before the next Board meeting.



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ANNUAL REPORT

The theme to the annual report is to give an update to the Board's five-year plan. It will include progress and accomplishments we've made in the last year, for example, completion of the HTF Cost Study and the passage of HB 2048 and the impact that will have on state and local homeless funding.

Cary would also like to add the 4-5 legislative priorities agreed on by the Board including administrative recommendations and/or specific legislative changes.

NEEDS ASSESSMENT

A subcommittee has been established to kick off this project. That group consists of Faith Pettis, Kim Herman, Dan McConnon, Paul Purcell, Chris Pegg, Kevin Grossman, Jody Becker-Green, Tedd Kelleher, Cary Retlin and Leslie Price.

The group met last week to discuss the scope. In about 3 weeks, they plan to have an outline of the needs study coming from Tedd and Leslie Price. They will look at studies done in other states and what is already being collected in Washington.

If you would like to join the subcommittee, please contact Faith.

SUBCOMMITTEE AND OTHER REPORTS

Nominating Committee: Vice Chair

The Board's nominating committee consists of the Chair, Vice Chair and the Chair of the Policy Advisory Team. Tom Tierney was serving as the Board's Vice Chair, but this position is now vacant because of his retirement.

Duties of the Vice Chair include being a member of the nominating committee, serving as the Chair in Faith's absence, and responsible for other duties as assigned.

Faith and Paul put forward a recommendation that Kevin Grossman step in as Vice Chair. Motion approved.

COMMERCE UPDATE

Dan McConnon provided the Board with a Commerce update.

- Both Andy Toulon and Richard Ramsey have given up their Commerce assignments to take on new budget responsibilities for their committees. Our new analysts will be Mary Mulholland from House Ways & Means and Dianne Criswell from Senate Ways & Means. Commerce is spending time on the educational component of this change.
- Commerce is working with Health Care Authority, DSHS, and local partners to look at options for the Housing and Essential Needs Program. Legislative action will be required to determine eligibility of the program due to the Affordable Care Act.



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- Dan recognized Tedd Kelleher for his great work on implementing HB 2048 and working with county auditors on document recording fees. This list was published early and we have not had any push back at this point.

CLOSING REMARKS

Faith provided a few closing remarks:

- Please watch your email for the updated cost study report from Janet that incorporates AHAB's comments.
- The next AHAB meeting will focus on the legislative session. If you haven't already, please forward your organization's legislative agenda to Cary Retlin.
- Dates for 2013 AHAB meetings will be finalized shortly and voted on at our next meeting.
- Please send Faith your ideas for future educational opportunities or presenters.

MEETING ADJOURNED 1:10pm

Future items:

- **Legislative session**
- **Board legislative agenda**
- **Needs assessment outline**

Next Meeting:

Wednesday, November 28, 2012
10:00am to 12:00pm (optional)
Joint meeting with Capital Budget and
House Housing, Community & Economic Development
Capital Campus – details to follow

Wednesday, November 28, 2012
1:30 to 4:00pm (regular Board meeting)
Department of Commerce
1st Floor Conference Room
1011 Plum Street SE
Olympia, WA 98501